'Tax and Central Excise concessions to attract investments in the industrial sector will be worked out for the Special Category States including Uttaranchal. The industries eligible for such incentives will be environment friendly with potential for local employment generation and use of local resources.'

**Measures to increase Foreign Direct Investment**

2329. SHRI P. PRABHAKAR REDDY: Will the PRIME MINISTER be pleased to state:

(a) whether a report prepared by the Committee appointed by the Planning Commission and submitted to the Prime Minister has suggested steps to facilitate substantial increases in Foreign Direct Investment in several sectors of the economy;

(b) If so, the details thereof;

(c) whether the report hasbeen considered by the Government and if so, their reaction thereto; and

(d) the steps proposed to be taken to give effect to the same?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRIMATI VASUNDHARA RAJE): (a) and (b) A report on Foreign Investhient prepared by a Committee appointed by the Planning Commission and submitted to the Prime Minister has proposed some measures to attract more FDI into the country which include the following:

- Consider the enactment of a Foreign Investment Promotion Law that incorporates and integrates aspects relevant to promotion of FDI.
- Urge States to enact a special investment law relating to Infrastructure to expedite all investment in infrastructure sectors and remove hurdles to production in this critical sector.
- Empower the Foreign Investment Promotion Board (FIPB) to give initial Central level registration and approvals where possible, with a view to speeding up the process of project implementation.

- Change Government of India's Rules of Business to empower Foreign Investment Implementation Authority (FIIA) to expedite the processing of administrative and policy approvals.
- The aggregate FDI target for the Tenth Plan should be disaggregated in terms of sectors and relevant administrative ministries/departments, to increase accountability. This could help ensure that the policy pre-requisites for increasing domestic private investment and FDI are expedited by the concerned departments.
- Sectoral FDI caps should be reduced to the minimum and entry barriers eliminated. With the exception of 'Defence Industry*, FDI caps can be removed in all manufacturing and mining. Caps can also be eliminated in Advertising, Private Banks and Real Estate and raised in telecom, Civil Aviation, DTH/KU broadcasting. Insurance and Plantations {other than tea).
- The existing strategy for attracting FDI should be overhauled. The relative emphasis must shift from a broad (scatter shot) approach to one of targeting specific companies in specific sectors. The Foreign Investment Promotion Council (FIPC) should be reformed to implement this strategy. It should be chaired by a person with global credibility and involve Minister level functionaries w/ho can interact with the heads of the Fortune 500 companies.
- The informational aspects of the strategy should be refined in the light of the perceived advantages and disadvantages of India as an investment destination and should use information technology and modern marketing techniques.
- the Special Economic Zones should be developed as the most competitive destination for export related FDI in the world, by simplifying applicable laws, rules and administrative procedures and reducing red tape to the levels found in China. The focus should be on accelerated/immediate implementation of reforms that may take a much longer time *[e.g.* decade(s)] in the country as a whole and not on tax sops.
- Domestic Policy Reforms in the Power Sector, Urban Infrastructure and Real Estate should be expedited to promote private domestic and foreign investment.

(c) and (d) The Report is under active consideration of the Government.

**Gini Ratio**

2330. SHRI C. RAMACHANDRAIAH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the Gini Ratio which captures the consumption/expenditure has declined in rural areas as shown in the National Human Development Report;

(b) if so, the details thereof State-wise;

(c) the reasons therefor; and

(d) what is the action plan with Government to improve the consumption expenditure of rural people?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRIMATI VASUNDHARA RAJE): (a) and (b) Yes, Sir. At the national level, the inequality in consumption expenditure as captured by the Gini Ratio has declined in rural areas from 0.298 in 1983 to 0.258 in 1999-2000. The decline has been faster between 1993-94 and 1999-2000 in comparison to the earlier period. The State-wise Gini Ratio for Per Capita Consumption Expenditure is enclosed as Statement *(See* below)

(c) and (d) The reasons for this decline are essentially due to reduction in the incidence of Poverty and inequality in the rural areas of the country. Reduction of poverty and inequality have been given a high priority during the Tenth Five Year Plan.

***Statement***

*Gini Ratio for Per Capita Consumption Expenditure*

| States/UTs | 1983 | | 1993-94 | | 1999-2000 | |
|---|---|---|---|---|---|---|
| | Rural | Urban | Rural | Urban | Rural | Urban |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Andhra Pradesh | 0.294 | 0.327 | 0.257 | 0.321 | 0.238 | 0.310 |
| Arunachal Pradesh | — | — | 0.300 | 0.275 | 0.292 | 0.298 |
| Assam | 0.192 | 0.276 | 0.176 | 0.285 | 0.201 | 0.311 |
| Bihar | 0.256 | 0.301 | 0.221 | 0.309 | 0.208 | 0.318 |
| Goa | 0.287 | 0.297 | 0.286 | 0.273 | 0.248 | 0.271 |